



Value of Solar Study (VOS)

2016 Update

EUC August 17, 2015





Updated Results

2016 Value of Solar Results

	Economic Value (\$/kWh)	Load Match (No Losses) (%)	Distributed Loss Savings (%)	2016 Distributed PV Value (\$/kWh)
Energy Value	\$0.037		4%	\$0.038
Plant O&M Value	\$0.005	100%	6%	\$0.005
Capacity Value	\$0.027	62%	6%	\$0.018
Transmission Value	\$0.024	62%	6%	\$0.016
Environmental Value	\$0.020		0%	\$0.020
Value of Solar (VOS)	\$0.113			\$0.097



VOS Rate

Year	VOS Current Method (Cents/kWh)
2012 (Oct-Dec)	12.8
2013	12.8
2014	10.7
2015	10.0
2016 Est.	9.7
5-yr Rolling Avg.	10.9

Current VOS Rate = 11.3



VOS Assessment Components

Value Component	Basis
Fuel Value	Avoided cost of fuel to meet electric loads as well as transmission and distribution losses, based on the local solar PV production profile. This is inferred from ERCOT market price data and future natural gas prices.
Plant O&M Value	Avoided costs associated with natural gas plant operations and maintenance by meeting peak load through local solar PV.
Generation Capacity Value	Avoided capital costs of a conventional peaking natural gas plant by meeting peak load through local solar PV, inferred from ERCOT market price data.
Transmission and Distribution Capacity Value	Avoided transmission costs resulting from the reduction in the peak load by local solar PV.
Environmental Compliance Value	Avoided cost to comply with environmental regulations and local policy objectives.



Updates on the Value of Solar

Value Component	Update	2014 Value	2015 Value	2016 Estimate
Base Year	New Rate Year	2014	2015	2016
NYMEX Natural Gas Price (25-yr price)	Refreshed Quote	Date: 9/23/2013 Avg. \$7.30 per MMBtu	Date: 3/26/2014 Avg. \$5.38 per MMBtu	Date: 3/26/2015 Avg. \$4.82 per MMBtu
Capacity Value	2.10% Inflation	\$676 per kW	\$690 per kW	\$705 per kW
Plant O&M	2.10% Inflation	\$7.04 per kW-yr	\$7.19 per kW-yr	\$7.34 per kW-yr
Avoided T&D	New 2015 Cost that includes CREZ build out	\$28 per kW	\$41 per kW	\$46.40 per kW
Discount Rate	Refreshed 30-yr Treasury Yield	Date: 8/27/2013 Avg. 2.27%	Date: 4/01/2014 Avg. 2.72%	Date: 3/25/2015 Avg. 1.95%

1. Updated 2014 VOS Gas Turbine Capital Cost and Fixed O&M to 2016\$



Guaranteed Fuel Value Update

